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June 1, 2005

**VIA HAND DELIVERY**

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

**Re: BellSouth Telecommunications, Inc. Transit Traffic Tariff  
Docket No. 2005-63-C**

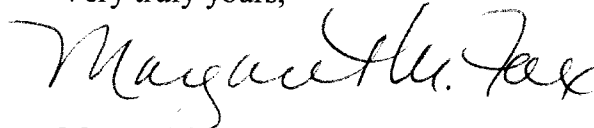
Dear Mr. Terreni:

Enclosed for filing on behalf of the South Carolina Telephone Coalition, please find an original and twenty-five (25) copies of the Rebuttal Testimony of Emmanuel Staurulakis in the above-captioned matter. By copy of this letter and Certificate of Service, all parties of record are being served with a copy of this testimony via U. S. Mail.

Please clock in a copy and return it with our courier.

Thank you for your assistance.

Very truly yours,



Margaret M. Fox

MMF/rwm  
Enclosures

cc: Parties of Record

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
Docket No. 2005-63-C

IN RE:    BellSouth Telecommunications, Inc.                    )  
          Transit Traffic Tariff                                        )  
\_\_\_\_\_ )

**CERTIFICATE  
OF SERVICE**

This is to certify that I, Rebecca W. Martin, an employee with the McNair Law Firm, P. A., have this date served one (1) copy of the attached Rebuttal Testimony of Emmanuel Staurulakis on behalf of the South Carolina Telephone Coalition in the above-referenced matter to the persons named below by causing said copy to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below.

Patrick W. Turner, Esquire  
BellSouth Telecommunications, Inc.  
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Columbia, South Carolina 29202

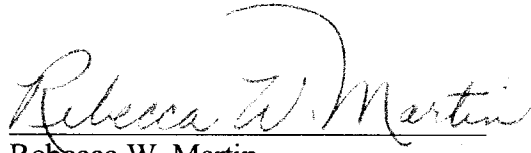
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June 1, 2005

Columbia, SC

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BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
DOCKET NO. 2005-63-C

**REBUTTAL TESTIMONY OF EMMANUEL STAURULAKIS**

**Q. Please state your name and business address.**

A. My name is Emmanuel Staurulakis. My business address is 7852 Walker Drive, Suite 200, Greenbelt, Maryland 20770.

**Q. Are you the same Emmanuel Staurulakis who prepared Direct Testimony on behalf of the South Carolina Telephone Coalition (“SCTC”) in this proceeding?**

A. Yes.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to address certain assertions made by the BellSouth Telecommunications, Inc. (“BellSouth”) witness and demonstrate why the Commission should reject BellSouth’s transit traffic tariff in its entirety and make it clear that SCTC member companies should have no obligation to pay transit charges for traffic destined to out-of-service-area points of interconnection (“POIs”) unless the SCTC member company and a

1           third party mutually agree to utilize BellSouth's transit service to exchange  
2           such traffic.

3

4   **Q.   Beginning on page 16 of his Direct Testimony, BellSouth witness McCallen**  
5           **outlines four so-called "choices" that SCTC member companies have for**  
6           **interconnection. Are any of these practical?**

7   A.   No. The first "choice" put forth states that SCTC member companies can  
8           connect directly with the terminating CLEC or CMRS carrier. The petition  
9           filed by Sprint Corporation<sup>1</sup> and comments filed in FCC Docket No. 01-92<sup>2</sup>  
10          clearly demonstrate the position taken by CLECs and CMRS providers, who  
11          have continuously argued that they should not have to connect directly with  
12          every rural LEC unless the volume of traffic exchanged warrants such a direct  
13          connection.

14

15          The second "choice" presented is for the establishment of one-way, direct trunk  
16          groups that connect the SCTC member companies to the CLECs' networks and  
17          deliver SCTC-member-company-originated traffic directly to the CLECs. As I  
18          explained in detail in my direct testimony, neither rural nor non-rural ILECs  
19          have any obligation to incur additional expense associated with delivery of  
20          traffic outside of their service areas and therefore could not be obligated to  
21          establish or lease direct trunk groups for such purposes.

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<sup>1</sup> *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs*, CC Docket No. 01-92, Petition of Sprint (filed May 9, 2002) ("Sprint Petition").

<sup>2</sup> *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, FCC 05-33, rel. March 3, 2005 ("FNPRM").

1

2       The third “choice” provided by BellSouth is for SCTC member companies to  
3       deliver traffic destined for other telecommunications service providers (TSPs)  
4       to BellSouth and pay for transiting service. BellSouth is the only carrier that  
5       has connectivity with all TSPs providing service within the LATA. As stated  
6       in my direct testimony, SCTC member companies do not have a financial  
7       obligation to incur transit charges when a CLEC or CMRS provider chooses to  
8       connect indirectly based on a bilateral agreement with the transit provider,  
9       thereby forcing a de facto obligation on the SCTC member companies to send  
10      traffic to a third party utilizing the same transit facilities.

11

12      The fourth “choice” put forth is for SCTC member companies to block calls to  
13      TSPs with whom they do not have an effective interconnection agreement. The  
14      practical reality is that regulators frown on such actions being taken and, in the  
15      end, it is not in the best interest of end user customers.

16

17      The fact remains that BellSouth owns and controls the facilities required for the  
18      SCTC member companies and third parties to exchange traffic. While the  
19      SCTC member companies do not object to BellSouth being compensated for  
20      the use of its facilities based on its cost of providing a transit function, they do  
21      object to being forced into incurring such an obligation when they are not a  
22      party to the negotiation of interconnection agreements between BellSouth and

1 any third parties that establish POIs in BellSouth's exchanges that are deemed  
2 local to a SCTC member company.

3  
4 **Q. Do you agree with Mr. McCallen's statement on page 15 of his testimony**  
5 **that independent telephone companies like the SCTC member companies**  
6 **"have chosen in the past and continue to this day to route traffic bound**  
7 **for other TSPs through BellSouth's network, thereby creating transit**  
8 **traffic?"**

9 A. No. The public switched telephone network has been constructed over decades  
10 and with the RBOCs, including BellSouth, functioning as tandem providers.  
11 With the introduction of competition in the local market, CLECs and CMRS  
12 providers have established POIs within the RBOCs' networks, usually at the  
13 LATA tandem, which provides them with the ability to terminate their traffic to  
14 SCTC member companies within the LATA. In situations where new entrants  
15 have established numbering resources within the EAS calling scope of SCTC  
16 member companies, there is no choice but to route the traffic to the RBOC,  
17 especially since new entrants have not attempted to make arrangements to  
18 connect directly to SCTC member company networks. As a result, an SCTC  
19 member company customer calling a customer served by one of these new  
20 entrants now triggers a transit charge in accordance with the BellSouth tariff.  
21 As such, a transit charge is levied on the SCTC member company due to the  
22 fact that the third party and BellSouth negotiated an interconnection agreement  
23 that only addressed calls originated by the third party's customers. Neither

1 BellSouth nor the third party apparently thought about the fact that such traffic  
2 may originate from a customer served by a SCTC member company.  
3 Accordingly, and until such time as the SCTC member company and the third  
4 party mutually agree to exchange such traffic by utilizing BellSouth's transit  
5 service, the SCTC member companies should not be obligated to pay for transit  
6 service.

7  
8 **Q. What is the significance of a Point of Interconnection?**

9 A. Generally, the POI establishes the point where the financial responsibility of  
10 one party ends and the financial responsibility of the other party begins with  
11 regard to the facilities associated with the exchange of traffic.

12  
13 **Q. BellSouth's witness McCallen refers to long-standing POIs between each**  
14 **SCTC company and BellSouth. Could you please describe where these**  
15 **long-standing POIs are located?**

16 A. The POI for the exchange of traffic between a SCTC member company and  
17 BellSouth has historically been located at the service area boundary between  
18 BellSouth and the SCTC member company.



1   **Q.    What is the effective POI between a SCTC member company and the**  
2       **terminating CLEC or CMRS provider, if SCTC member companies**  
3       **become responsible for the payment of BellSouth's transit charges?**

4    A.   Holding SCTC member companies responsible for transit charges means that  
5       they would pay for the transport and tandem switching functions within  
6       BellSouth's service area. Effectively, the imposition of such charges creates a  
7       shift in the POI from its historical location on the network of the SCTC  
8       member company to the POI established between BellSouth and the CLEC or  
9       CMRS provider.

10

11   **Q.    Does this constitute an out-of-service-area POI for SCTC member**  
12       **companies?**

13   A.   Yes, it does. As stated in my direct testimony, if such an obligation is imposed  
14       on SCTC member companies, the potential to incur large monthly amounts of  
15       transit charges, especially with respect to ISP-bound traffic, is a very real  
16       concern to the SCTC member companies.

17

18   **Q.    Are the SCTC member companies obligated to deliver traffic to an out-of-**  
19       **service area POI?**

20   A.   No. As I stated in my direct testimony, even the most stringent interconnection  
21       obligations pursuant to Section 251(c) of the Act do not require ILECs to  
22       deliver traffic to an out-of-service-area POI. The existing rules only require

1 ILECs to provide interconnection at any technically feasible point within the  
2 ILEC's network.

3

4 **Q. Did BellSouth recently submit comments regarding the location of POIs**  
5 **and the provision of transit service in an FCC proceeding?**

6 A. Yes. On May 23, 2005, BellSouth filed comments in the FCC's intercarrier  
7 compensation reform proceeding<sup>3</sup>. In addition to comments addressing the  
8 myriad of issues raised in the FCC notice, BellSouth commented with regard to  
9 physical interconnection under a BellSouth unified compensation plan and the  
10 provision of transit service.

11

12 **Q. Are the BellSouth comments filed with the FCC consistent with the**  
13 **positions put forth in the testimony of Mr. McCallen regarding the choices**  
14 **that SCTC member companies have for interconnection with other**  
15 **carriers?**

16 A. No. In its comments to the FCC at p. 19, BellSouth makes the following  
17 statement with regard to an ILEC's obligation to physically interconnect with  
18 another carrier:

19 ILECs are not required to build facilities outside their authorized  
20 serving area for the purpose of connection with other carriers.

21

22

23 Choice No. 2 put forth by Mr. McCallen with regard to interconnection would  
24 be for the establishment of one-way direct trunk groups connecting the

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<sup>3</sup> *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Comments of BellSouth Corporation, May 23, 2005 ("comments").

1 networks of the SCTC member companies and a CLEC or CMRS provider for  
2 delivery of SCTC-member-originated traffic. This, in fact, means that SCTC  
3 member companies would need to construct facilities beyond their service  
4 areas in order to meet non-ILEC carriers such as CLECs or CMRS providers at  
5 the POI established between BellSouth and the non-ILEC carrier. Choice No.  
6 3 put forth by Mr. McCallen calls for the payment of transit charges to  
7 BellSouth or another transit provider. The only difference between the two  
8 choices is whether SCTC member companies pay a flat rate per trunk or a  
9 usage sensitive rate to BellSouth. In both situations, the SCTC member  
10 company is required to pay the cost for delivery of traffic to an out-of-service-  
11 area POI, a position that even BellSouth acknowledges is not appropriate.

12

13 **Q. Are you aware of any situation in South Carolina where a CLEC or**  
14 **CMRS provider has chosen to establish a POI with BellSouth that is not**  
15 **within a BellSouth service area?**

16 **A.** I am not aware of any POI established or agreed upon by BellSouth that is not  
17 within BellSouth's network.

1   **Q.    When a CLEC or a CMRS provider obtains numbering resources within**  
2       **an ILEC's EAS calling scope, and chooses not to directly connect with the**  
3       **ILEC, who should be responsible for any transit charges associated with**  
4       **ILEC-originated traffic?**

5    A.    Since the interconnection agreement between BellSouth and the CLEC or  
6       CMRS provider creates an implicit obligation on the ILEC to send any  
7       customer-originated traffic to such parties by utilizing the facilities of  
8       BellSouth, the CLEC or CMRS provider should be responsible for the payment  
9       of all transit charges.

10

11   **Q.    Did BellSouth propose a tandem interchange rate in its comments to the**  
12       **FCC?**

13    A.    Yes. BellSouth proposed a tandem interchange rate of \$0.0025.<sup>4</sup>

14

15   **Q.    Is the tariff transit function described in BellSouth's proposed South**  
16       **Carolina tariff similar to the tandem interchange function referenced in**  
17       **BellSouth's comments to the FCC?**

18    A.    Yes. According to Mr. McCallen's testimony in this proceeding, the proposed  
19       tariff transit charge represents transport from the originating carrier's POI with  
20       BellSouth to a BellSouth tandem switch. In its comments to the FCC,  
21       BellSouth indicates that its tandem interchange rate of \$0.0025 represents the  
22       switching and transport functions used in the interchange of traffic with other  
23       carriers.

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<sup>4</sup> See BellSouth comments at page 27.

1   **Q.    Is the rate for transit service contained in BellSouth's comments filed with**  
2       **the FCC consistent with the transit service rate in BellSouth's proposed**  
3       **South Carolina tariff?**

4    A.   No. In its comments filed with the FCC, BellSouth proposes that the FCC  
5       establish a tandem interchange rate of \$0.0025. BellSouth further states the  
6       following:

7               BellSouth selected these rates to approximate reasonable reciprocal  
8               compensation levels. BellSouth analyzed the switching and  
9               transport functionalities that would be used in the interchange of  
10              traffic with other carriers. The proposed rates approximate the  
11              average reciprocal compensation levels BellSouth had proposed in  
12              its serving area.<sup>5</sup>

13  
14       It appears that the rate for transit service as demonstrated by BellSouth in the  
15       FCC proceeding should not exceed \$0.0025 per minute. In South Carolina, on  
16       the other hand, BellSouth has proposed an initial tariff transit rate of \$0.003,  
17       which will increase to \$0.006 per minute effective January 1, 2006.

18  
19   **Q.    If the Commission approves BellSouth's Transit Service Tariff as filed,**  
20       **what will be the impact on customers served by SCTC member**  
21       **companies?**

22   A.   If the Commission approves the BellSouth Transit Service Tariff as filed, and  
23       SCTC member companies are assessed transit charges for all calls made to  
24       customers served by carriers with out-of-service-area POIs, especially dial-up  
25       ISPs, then the SCTC member companies will be forced to file revisions to their  
26       general subscriber services tariffs to pass along such charges to their end user

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<sup>5</sup> See BellSouth comments at page 27.

1 customers. This could result in significant increases in local service rates for  
2 many rural customers.

3

4 **Q. Do you agree with the testimony filed by ALLTEL with respect to the**  
5 **application of transit charges to ISP traffic?**

6 A. Yes, I agree that any tariff transit charge ultimately approved by the  
7 Commission should not be applicable to ISP traffic that has been deemed by  
8 the FCC to be interstate in nature. Further, the financial impact of assessing  
9 transit charges on calls to dial-up ISPs could be significant due to the extremely  
10 long holding times associated with such calls. For example, assume that a  
11 SCTC member company places a call to a dial-up ISP with a number in an out-  
12 of-service-area POI that is deemed a local call and subject to the BellSouth  
13 tariff transit rate of \$0.003 per minute. In addition, assume that the caller stays  
14 on line for an average of two hours per day. In an average month, the SCTC  
15 member company serving such a caller would incur \$10.80 in tariff transit  
16 charges from BellSouth. When the BellSouth tariff transit charge doubles to  
17 \$0.006 on January 1, 2006, the monthly amount of transit charges would  
18 double to \$21.60, for just one customer. The transit charges imposed in  
19 accordance with the BellSouth tariff are in addition to the facilities that the  
20 SCTC member company would have to put in place to handle such calling  
21 volumes.

22

23

1    **Q.     Should BellSouth's transit service rate be regulated and cost based?**

2    A.     Yes.   The SCTC member companies believe that the transit service rate  
3           contained in the Bellsouth tariff should be regulated and established in  
4           accordance with the cost of providing the service.   Given the fact that  
5           BellSouth exerts tremendous market power over how LECs and third party  
6           providers interconnect with one another, BellSouth should not be allowed to  
7           establish an arbitrary and non-cost-based rate for transit service.   Mandating a  
8           cost-based transit service charge for BellSouth would ensure there is no abuse  
9           of such market power.

10

11   **Q.     Does this conclude your testimony?**

12   A.     Yes.

13

14